

Senate Engrossed

State of Arizona
Senate
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 27

SENATE BILL 1109

AN ACT

AMENDING SECTIONS 15-1721, 15-1723 AND 15-1724, ARIZONA REVISED STATUTES;
REPEALING SECTION 41-3001.03, ARIZONA REVISED STATUTES; AMENDING TITLE 41,
CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION
41-3011.01, ARIZONA REVISED STATUTES; RELATING TO MEDICAL STUDENT LOANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-1721, Arizona Revised Statutes, is amended to read:

15-1721. Definitions

In this article, unless the context otherwise requires:

1. "Board" means the board of medical student loans.

2. "Medically underserved area" means an area of this state designated by the department of health services pursuant to title 36, chapter 24, article 1 OR BY FEDERAL LAW.

3. "MEDICALLY UNDERSERVED POPULATION" MEANS AN AREA DESIGNATED BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES.

4. "RURAL" MEANS EITHER OF THE FOLLOWING:

(a) A COUNTY WITH A POPULATION OF LESS THAN FOUR HUNDRED THOUSAND PERSONS.

(b) A CENSUS COUNTY DIVISION WITH LESS THAN FIFTY THOUSAND PERSONS IN A COUNTY WITH A POPULATION OF AT LEAST FOUR HUNDRED THOUSAND PERSONS.

Sec. 2. Section 15-1723, Arizona Revised Statutes, is amended to read:

15-1723. Medical student loans; amount; qualifications; requirements

A. The board may grant loans from the medical student loan fund established by section 15-1725 to defray the expenses of the medical education of those students at a public or private school of medicine in this state who intend to specialize ENTER AND COMPLETE A RESIDENCY PROGRAM APPROVED BY THE ACCREDITATION COUNCIL FOR GRADUATE MEDICAL EDUCATION OR BY THE AMERICAN OSTEOPATHIC ASSOCIATION TO BECOME BOARD CERTIFIED in family practice, GENERAL pediatrics, obstetrics AND GYNECOLOGY, or GENERAL internal medicine, OR COMBINED MEDICINE AND PEDIATRICS and who are deemed qualified by the board to receive such loans. Loans shall be granted upon such terms and conditions as may be imposed by the board. One of the qualifications shall be Arizona residency, WHICH SHALL BE DETERMINED ACCORDING TO THE SAME CRITERIA PRESCRIBED FOR IN-STATE STUDENT STATUS IN SECTION 15-1802. The board may grant forty loans each year.

B. The loans granted by the board shall provide for tuition plus no more than ten thousand dollars for each student in 1992-1993. Beginning in 1993-1994 and continuing each year thereafter UNTIL JUNE 30, 2002, each loan shall provide for tuition plus no more than ten thousand dollars per year adjusted by the percentage change in the GDP price deflator from the second preceding calendar year to the calendar year immediately preceding the current year. THE AMOUNT PROVIDED FOR TUITION SHALL NOT EXCEED THE COST OF REGISTRATION FOR A FULL-TIME STUDENT AT A COLLEGE OF MEDICINE AT A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS. FOR 2002-2003, EACH LOAN SHALL PROVIDE FOR TUITION PLUS NO MORE THAN SIXTEEN THOUSAND DOLLARS FOR EACH STUDENT. BEGINNING IN 2003-2004 AND CONTINUING EACH YEAR THEREAFTER, EACH LOAN SHALL PROVIDE FOR TUITION PLUS NO MORE THAN SIXTEEN THOUSAND DOLLARS FOR EACH STUDENT PER YEAR ADJUSTED BY THE PERCENTAGE CHANGE IN THE

1 GDP PRICE DEFLATOR FROM THE SECOND PRECEDING CALENDAR YEAR TO THE CALENDAR
2 YEAR IMMEDIATELY PRECEDING THE CURRENT YEAR. For purposes of this
3 subsection, "GDP price deflator" means the average of the four implicit price
4 deflators for the gross domestic product reported by the United States
5 department of commerce for the four quarters of the calendar year.

6 C. The board shall make a full and careful investigation of the
7 ability, character and qualification of each applicant through a written
8 application and interview process and determine the applicant's fitness to
9 become a loan recipient. The investigation of each applicant shall include
10 an examination of the ability of the applicant to pay the expenses of a
11 medical education. The board shall give preference to qualified applicants
12 who are unable to pay the expenses of obtaining a medical education and to
13 qualified applicants who demonstrate a commitment to serve in rural and other
14 medically underserved areas AN AREA LISTED IN SUBSECTION E OF THIS SECTION.

15 D. The services to be performed are service to the state by practicing
16 general practice, family practice, GENERAL pediatrics, COMBINED MEDICINE AND
17 PEDIATRICS, obstetrics AND GYNECOLOGY, or GENERAL internal medicine in
18 rural and other medically underserved areas AN AREA LISTED IN SUBSECTION E
19 OF THIS SECTION. THE SERVICE LOCATION IS SUBJECT TO APPROVAL BY THE BOARD.

20 E. THE BOARD MAY APPROVE SERVICE IN ANY OF THE FOLLOWING LOCATIONS:

- 21 1. A RURAL AND MEDICALLY UNDERSERVED AREA OF THIS STATE.
- 22 2. A MEDICALLY UNDERSERVED AREA OF THIS STATE.
- 23 3. A MEDICALLY UNDERSERVED POPULATION OF THIS STATE.
- 24 4. ANY INDIAN RESERVATION THAT IS LOCATED IN THIS STATE.

25 F. THE BOARD MAY SPECIFY AN AREA LISTED IN SUBSECTION E OF THIS
26 SECTION IN THE STUDENT'S CONTRACT TO PERMIT THE STUDENT TO SEEK EMPLOYMENT
27 IN THAT AREA AS A PHYSICIAN. AFTER THE AREA IS SPECIFIED BY THE BOARD, THAT
28 AREA SHALL BE DESIGNATED IN THE STUDENT'S SUBSEQUENT CONTRACTS AS AN APPROVED
29 AREA AND AS AN APPROVED SERVICE LOCATION.

30 ~~E.~~ G. The board shall collect and maintain data on the retention of
31 doctors who practice in rural, and other medically underserved areas AN AREA
32 LISTED IN SUBSECTION E OF THIS SECTION. THE BOARD SHALL COLLECT THIS DATA
33 FOR AT LEAST TEN YEARS AFTER EACH LOAN RECIPIENT COMPLETES THE RECIPIENT'S
34 SERVICE COMMITMENT.

35 ~~F.~~ H. Private schools of medicine shall reimburse the university of
36 Arizona for any administrative costs related to the processing of loans for
37 students at private schools of medicine pursuant to subsection A of this
38 section.

39 Sec. 3. Section 15-1724, Arizona Revised Statutes, is amended to read:
40 15-1724. Medical student loans; interest; obligations; penalty;

41 authority of attorney general

42 A. Each applicant who is approved for a loan by the board may be
43 granted a loan for a period of up to four FIVE years.

44 B. The loans shall bear interest at the rate of seven per cent per
45 year.

1 C. Each loan shall be evidenced by a contract between the student and
2 the board, acting on behalf of this state. The contract shall provide for
3 the payment by the state of a stated sum or sums defraying the costs of a
4 medical education at a public or private school of medicine in this state and
5 shall be conditioned upon the contractual agreement by the recipient of such
6 loan to complete the service required by section 15-1723. ~~The total amount~~
7 ~~of each loan shall not exceed the costs of a medical education at a~~
8 ~~university under the jurisdiction of the Arizona board of regents. The loan~~
9 ~~amount shall not represent tuition or fees charged for any courses that are~~
10 ~~conducted on any campus that is located outside the boundaries of this state.~~
11 The contract shall provide that the recipient serving as a physician in
12 ~~a medically underserved area of this state~~ AN AREA LISTED IN SECTION
13 15-1723, SUBSECTION E may receive compensation from the board for such
14 service and other services designated in the contract which compensation
15 shall be credited against amounts due under the loan and shall not exceed the
16 amount of the loan and any interest accrued on the loan. Such service shall
17 be full time as determined by the board and shall be for two years or one
18 year of service for each year of loan support, whichever is longer. A loan
19 and the interest accrued thereon may be fully paid with compensation received
20 for services as required by the contract or at the option of the recipient
21 by payment of all monies, interest and penalties for failure to fulfill the
22 contract.

23 D. A loan recipient shall begin the service for which the recipient
24 contracted as a condition of the loan within three years of completion of the
25 recipient's undergraduate medical education unless extended to four years by
26 the board. A recipient who is ordered into military service or for other
27 cause beyond the recipient's control deemed sufficient by the board is unable
28 to commence the required service within three years of such graduation shall
29 begin service within one year after completing military service or the
30 termination of such other cause.

31 E. If a recipient decides not to fulfill the conditions of the
32 contract by serving in ~~the medically underserved area~~ AN AREA LISTED IN
33 SECTION 15-1723, SUBSECTION E, the contract shall provide that the recipient
34 shall be required to repay the full amount borrowed, including tuition, at
35 the seven per cent interest rate plus a penalty for liquidated damages in an
36 amount equivalent to the full amount borrowed, including tuition, less the
37 amount credited for time actually served in ~~a medically underserved area~~ SITE
38 APPROVED BY THE BOARD, to be calculated on a prorated monthly basis. THE
39 BOARD FOR GOOD REASON MAY PROVIDE FOR EXTENSIONS OF THE PERIOD OF REPAYMENT
40 SPECIFIED IN THE LOAN RECIPIENT'S CONTRACT. The board may waive the payment
41 of PRINCIPAL, interest and liquidated damages if it determines that death or
42 permanent physical disability accounts for the recipient's failure to fulfill
43 the contract. For recipients entering into a contract prior to January 1,
44 1992, the board may, for the purpose of retaining the recipient's service in
45 a federally designated medically underserved area of this state, release the

1 recipient from obligations to the program if the recipient enters into a
2 legally binding service contract with the ~~national health service corps~~
3 UNITED STATES PUBLIC HEALTH SERVICE. The contracted term of service for the
4 ~~national health service corps~~ UNITED STATES PUBLIC HEALTH SERVICE must be for
5 the same or longer term than the recipient's service commitment to this state
6 under the medical student loan program.

7 F. If a recipient withdraws or is dismissed from medical school, the
8 recipient shall be required to repay the loan to the board with interest with
9 no penalty within one year of withdrawal. The board may for good reason
10 provide for extensions on the period of repayment.

11 G. ON RECEIPT OF SUPPORTING DOCUMENTATION, THE BOARD FOR GOOD CAUSE
12 SHOWN MAY DEFER THE LOAN RECIPIENT'S SERVICE OR PAYMENT OBLIGATION OR MAY
13 ENTER INTO REPAYMENT ARRANGEMENTS WITH THE LOAN RECIPIENT OR ALLOW SERVICE
14 THAT IS EQUIVALENT TO FULL-TIME SERVICE IF THE BOARD DETERMINES THAT THIS
15 ACTION IS JUSTIFIED AFTER A REVIEW OF THE INDIVIDUAL'S CIRCUMSTANCES.

16 ~~G.~~ H. The attorney general may commence whatever actions are
17 necessary to enforce the contract and achieve repayment of loans provided by
18 the board pursuant to this article.

19 Sec. 4. Repeal

20 Section 41-3001.03, Arizona Revised Statutes, is repealed.

21 Sec. 5. Title 41, chapter 27, article 2, Arizona Revised Statutes, is
22 amended by adding section 41-3011.01, to read:

23 41-3011.01. Board of medical student loans; termination July 1,
24 2011

25 A. THE BOARD OF MEDICAL STUDENT LOANS TERMINATES ON JULY 1, 2011.

26 B. TITLE 15, CHAPTER 13, ARTICLE 7 IS REPEALED ON JANUARY 1, 2012.

27 Sec. 6. Retroactive application

28 A. Section 15-1723, Arizona Revised Statutes, subsection E, as amended
29 by this act, applies retroactively to from and after June 30, 1978.

30 B. Section 15-1724, Arizona Revised Statutes, subsections E and G, as
31 amended by this act, apply retroactively to from and after June 30, 1978.

32 C. Service locations approved by the board of medical student loans
33 before July 1, 2000 are deemed to be approved service locations until the
34 program participants fulfill the conditions of their contracts.

35 Sec. 7. Purpose

36 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,
37 the legislature continues the board of medical student loans to administer
38 the medical student loan program.

39 Sec. 8. Retroactivity

40 Sections 4 and 5 of this act are effective retroactively to July 1,
41 2001.

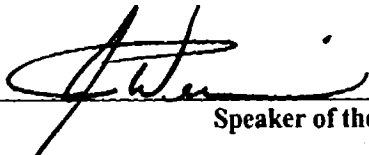
APPROVED BY THE GOVERNOR APRIL 3, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 3, 2001.

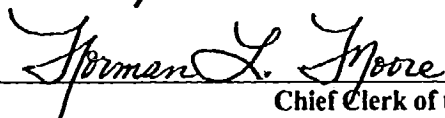
Passed the House March 27, 2001

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting



Speaker of the House

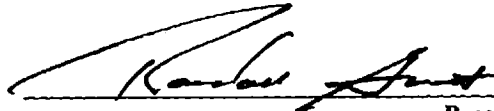


Chief Clerk of the House

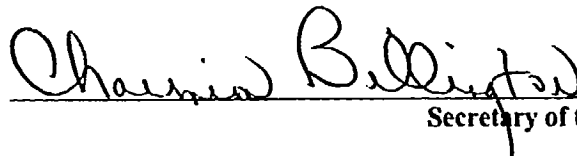
Passed the Senate February 28, 2001

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting



President of the Senate



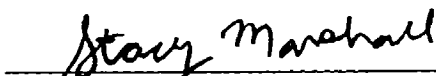
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

28 day of March, 2001,

at 11:40 o'clock A M.

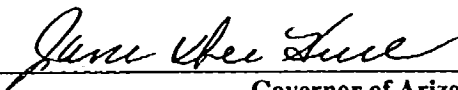


Secretary to the Governor

Approved this 3 day of

April, 2001,

at 7:40 o'clock A M.



Governor of Arizona

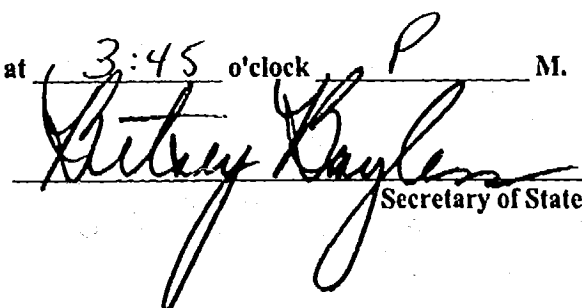
S.B. 1109

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 3 day of April, 2001,

at 3:45 o'clock P M.



Secretary of State